

RECEIVED
GENERAL COUNSEL

Before the State of South Carolina
Department of Insurance

APR 2 2001

STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

In the matter of:

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)

Consent Order
Imposing
Administrative Penalty

Farmers Mutual Insurance Association)
of Cherokee County)
849 Old Post Road)
Gaffney, S.C. 29341)
)

File Number
105025

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Farmers Mutual Insurance Association of Cherokee County, an insurer authorized to transact insurance business within the State of South Carolina.

Farmers Mutual hereby admits, and I find as fact, that it failed to timely file its 1999 Annual Statement with the Department. This action is a direct violation of S.C. Code Ann. § 38-13-80 (A) (Supp. 1998). Also, Farmers Mutual failed to file with the Department affidavits executed by each Director stating under oath that they had received a copy of the adjusted report and related order that had been submitted to them by the Department. This action is in violation of S.C. Code Ann. § 38-13-30 (D) (1). Both violations can ultimately lead to the revocation of the insurer's certificate of authority pursuant to S.C. Code Ann. § 38-5-120 (A) (2) (Supp. 1998) to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Prior to the initiation of formal administrative disciplinary proceedings by the Department against it, Farmers Mutual and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that, in lieu of the Department's filing of a petition to revoke its certificate of authority to transact business as an insurer within the State of South Carolina, Farmers Mutual would waive its right to a public hearing and would immediately submit an administrative fine in the total amount of \$3,000.

S.C. Code Ann. § 38-13-80 (A) (Supp. 1998) in pertinent part states that "Every insurer annually shall file with the department by March first, in the form and detail the director or his designee prescribes, a statement showing the business standing and financial condition of the insurer on December thirty-first of the preceding year"

S.C. Code Ann §38-13-30 (d) (1) in pertinent part states "within thirty days of the issuance of the adopted report, the insurer shall file affidavits executed by each of its

directors stating under oath that they have received a copy of the adopted report and related orders.”

After a thorough review of the matter, carefully considering the recommendations of the parties, and pursuant to my findings of fact and conclusions of law, although I can now revoke Farmers Mutual’s certificate of authority, I hereby invoke the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 and 38-5-130 (Supp. 1998), accept the recommendation of the parties, and impose an administrative fine in the total amount of \$3,000 against Farmers Mutual. This administrative fine must be paid within fifteen days of my date and signature upon this consent order. If that total amount is not paid on, or before, that date, then Farmers Mutual’s certificate of authority to transact business, as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

This fine has been reached by the parties as a result of negotiation and compromise, and in consideration of Farmers Mutual’s assurance that it will timely file each of its future annual statements with the Department; and submit any required affidavits to the Department in a timely manner. By the signature of one of its officers or authorized representatives upon this consent order, Farmers Mutual acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina’s *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1998).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 1998), of the Director of Insurance, exercised either directly or through the Department, to “report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report.”

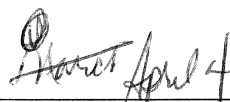
It is, therefore, ordered that Farmers Mutual Insurance Association of Cherokee County shall, within fifteen days of my date and my signature upon this consent order, pay through the Department an administrative fine in the total amount of \$3,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.



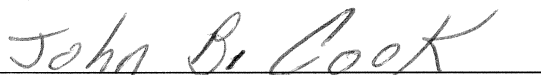
Ernst N. Csiszar
Director


_____, 2001
Columbia, South Carolina

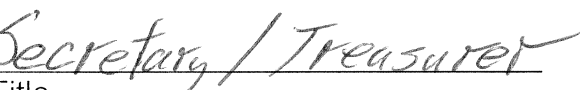
I CONSENT:



Signature of Authorized Representative



Name



Title

Farmers Mutual Insurance Association of Cherokee County
843 Old Post Road
Gaffney, S.C. 29341

Dated this 29th day of ~~February~~, 2001
March